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ARIZONA CORPORATION COMMISSION
OFFICE OF COMMISSIONER LEA MÁRQUEZ PETERSON

March 20, 2020

Docket Control
Arizona Corporation Commission
1200 W. Washington St.
Phoenix, AZ 85007

Re: Docket No. RU-00000A-18-0284: In the Matter of Possible Modifications to the Arizona Corporation Commission's Energy Rules

Chairman, Commissioners, and All Interested Parties,

On March 11, 2020, the Arizona Corporation Commission concluded a two-day workshop on developing clean energy rules for the state. During the workshop, some Commissioners agreed on aspects of the rules, but concrete economic analyses supporting some of the positions had yet to be determined. While setting sweeping and comprehensive energy policies can be instrumental to driving economic development for the state, it can also be disastrous by driving up costs for potentially thousands of Arizonans. As a new Commissioner, it seemed the Commission was trying to make the facts fit the outcome, rather than allowing the outcome to be driven by the facts—and I was concerned that casting any final decisions would be premature, at that time.

That's why on March 12, 2020, I docketed a letter expressing my concerns and identifying at least six cost-benefit analyses the Commission had asked for, as well as at least three Integrated Resource Plan scenarios the Commission wanted to have evaluated, while the Commission's natural gas moratorium was in effect. While I believe that having these economic analyses would have been helpful to the Commission during the workshop to make a final decision that was driven by data, backed by science, and supported by comprehensive energy modeling, consumer impact analyses, and open and transparent cost comparisons, none of these analyses have been completed to-date.

At the conclusion of the Commission's workshop, the Commissioners were given just one week, until Friday, March 20, 2020, to submit their policy preferences to the docket. While during the time since this request I have reached out to numerous stakeholders asking for any helpful data, reports, or studies that they may have, to assist us as we work toward a data-driven energy goal together, we have also been hit by a global state of emergency, as hundreds of thousands of people and businesses grapple with the public health and safety implications of COVID-19. If forecasts and future outlooks are to be believed, we are on the precipice of a financial crisis. Utility service reliability and affordability have never been more critical. While I am committed to helping the Commission reach a conclusion on cost-justified energy rules as quickly as possible, I now believe it would be irresponsible for me as a public utility Commissioner to rush my position on sweeping and comprehensive energy reforms while our stakeholders are currently in the midst of a global pandemic and potential economic crisis.



Accordingly, with our immediate attention on the coronavirus and focus on utility preparedness, I am proposing an alternative strategy, which will not only move Arizona and its collective stakeholders closer to a common objective, but also promote the conservative, cost, and data-driven approach this Commission has relied on in the past, when it originally implemented Integrated Resource Planning, over 30 years ago.

Accordingly, I respectfully request an agenda item be added to the Commission's March 24-25, 2020, Open Meeting to consider, discuss, and possibly direct Staff to prepare for the Commission's consideration at a future open meeting, a Policy Statement that sends a clear and unambiguous signal to utilities, customers, and neighboring states that Arizona is moving forward with a cleaner and more affordable energy future, while allowing data, free-market principles in all-source RFPs, and least-cost energy resources to guide our utilities on how get there.

It is my intent that such a Policy Statement should not replace the Commission's pending administrative rules, but rather guide them—freeing Staff's time and providing a tangible document that memorializes the Commission's position, helping it move forward, while the state of emergency surrounding COVID-19 subsides and the utilities prepare updated Integrated Resource Plans for our review. The Integrated Resource Plans will inform the Commission's rules, and the Commission's rules will instruct the utilities how to get there.

Without having the utilities' updated Integrated Resource Plans before me today, here are the policy positions I can support:



ARIZONA CORPORATION COMMISSION POLICY STATEMENT ON CLEAN AND AFFORDABLE ENERGY

Standard

100% Clean Energy by 2050

Pillars

Affordability

Reliability

Sustainability

Implementation

- Reinvigorated IRP Process w/ Energy Implementation Plans
- Open, Competitive, & Transparent All-Source RFPs w/ Equal Footing for All Resources
- Data-Driven Decisions Regarding Renewable, EE, DG + Storage, & EV Deployment



In support of this overarching approach, I offer the words of our predecessors, who—after completing nearly six years of stakeholder meetings and public workshops—issued the Commission’s first decision on utility Integrated Resource Plans in 1991:

This Commission certainly recognizes the importance of protecting our fragile environment. However, there must be a careful balancing of the costs and benefits including consideration of ratepayer concerns, utility financial stability, and economic growth within the service areas. . . .

[While] all the parties were in general agreement that resource planning should take environmental concerns into consideration . . . This Commission wants to state loudly and clearly that it has [the] goal to have financially sound utilities and responsible rates for consumers, while at the same time minimizing the effect on our fragile environment. Even though the primary focus of this docket was on resource planning and environmental concerns, it is our firm commitment to strive for the proper balancing of all three of the above listed concerns.

— Arizona Corporation Commission (1991)¹

In making my current positions known, I want to make it abundantly clear that I continue to support the ongoing use of cost-effective demand side management programs and energy efficiency resources as a least-cost alternative to balancing the interests of sustainability and affordability in utility rates. I also want to make it abundantly clear that I also continue to support the promotion of reasonable and prudent investments in firmed intermittent renewable energy resources, when they are paired with dispatchable energy storage technology, as continued use of these resources, when data demonstrates they are cost effective to deploy, will help to reduce the state’s peak demand and drive equitable and economic clean energy outcomes for rural and urban communities alike.

I am proud to see that Arizona wants to move forward with a cleaner and more sustainable energy future during this critical juncture in our state’s history, when economic uncertainty during COVID-19 is at its highest. As utilities step forward to execute the Commission’s goals, and the cost and technology requirements are still unknown, we must exercise caution and fiscal responsibility to ensure that rates are kept low and economically attractive for current and future consumers and businesses across the state.

¹ Decision No. 57589 (Oct 29, 1991).



I appreciate the opportunity to have more time to review the data and thank the stakeholders for committing to provide their information at the Commission's request. While our utilities update their Integrated Resource Plans for our review and we seek to better understand the financial implications of our current state of emergency, I respectfully request that the Commission discuss and vote at the upcoming Open Meeting to support 100 percent clean energy as the first and most overarching step toward developing a data-driven affordable clean energy future for the state. I look forward to seeing an updated agenda with my request. Thank you.

Sincerely,

A handwritten signature in blue ink that reads "Lea Márquez Peterson".

Lea Márquez Peterson
Commissioner

